

AMENDED IN SENATE JUNE 20, 2012

AMENDED IN ASSEMBLY MAY 2, 2012

AMENDED IN ASSEMBLY APRIL 18, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2662**

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**Introduced by Committee on Education (Brownley (Chair),  
Ammiano, Buchanan, Butler, Carter, Eng, Halderman, Wagner,  
and Williams)**

February 29, 2012

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An act to amend Sections 35566, 35787, 41326, 41344, 42127, 42131, 42238.12, 48070.6, 48904, 49550.3, 51765, and 60605.86 of, *and to amend the heading of Article 3 (commencing with Section 33530) of Chapter 4 of Part 20 of Division 2 of Title 2 of, the Education Code, to amend Section 8880.5 of the Government Code, and to amend Section 75.70 of the Revenue and Taxation Code, relating to education.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2662, as amended, Committee on Education. Education.

(1) Existing law provides a process for the reorganization of school districts and includes within the actions to reorganize a lapse, which is defined as an action to dissolve a school district and annex the entire territory of that district to one or more adjoining school districts. Existing law makes an action to lapse a school district subject to specified general statutory provisions regarding the reorganization of school districts.

This bill would make an action to lapse a school district also subject to other provisions regarding plans and recommendations of a county committee on school district organization.

(2) Existing law provides emergency apportionments for school districts that have become insolvent, and requires various actions to be taken by the school district and the Superintendent of Public Instruction to receive these apportionments, including the appointment of a trustee, the appointment of an administrator, and the approval of recovery plans. Existing law authorizes the Superintendent to reassume all the legal rights, duties, and powers of the governing board of the school district if the *school* district violates a provision of the recovery plans within 5 years after the trustee is removed.

This bill would authorize the Superintendent to reassume those rights, duties, and powers during the period of the trustee's appointment and when specified improvement plans are violated.

(3) Existing law requires the Superintendent and the Director of Finance, jointly, to establish a plan for repayment of school funds that a local educational agency received on the basis of average daily attendance that did not comply with statutory or regulatory requirements that were conditions of apportionments, as determined by an audit or review. Existing law also requires the Superintendent and the Director of Finance, jointly, to establish a plan for repayment of a penalty arising from an audit exception. Existing law authorizes a local educational agency to appeal a finding of a final audit report.

This bill would specify, for purposes of the above-described provisions, that a charter school is a local educational agency.

(4) Existing law requires the governing board of a school district to certify twice during a fiscal year whether the school district is able to meet its financial obligations for the remainder of the fiscal year and for the subsequent fiscal year. Existing law requires these certifications to be classified as positive, qualified, or negative and to be filed with the county superintendent of schools. Existing law requires a county superintendent of schools to change a positive certification to negative or qualified when the county office of education determines a negative or qualified certification should have been filed.

This bill would authorize the county superintendent of schools also to change a qualified certification if it is determined that a negative certification should have been filed.

(5) Existing law makes the parent or guardian of any minor whose willful misconduct results in injury or death to a pupil or public or private school employee or volunteer or who willfully cuts, defaces, or otherwise injures real or personal property belonging to a school district or private school, or personal property of a school employee, liable for

all damages so caused by the minor or for a reward concerning information leading to the determination of the identity of, and the apprehension of, a person causing that injury or damage. Existing law limits the parent's or guardian's liability to \$10,000.

This bill would adjust the \$10,000 limit on liability annually for inflation, as specified.

(6) Existing law authorizes the governing board of a school district to approve supplemental instructional materials other than those approved by the state board if the governing board performs specified reviews and determines that other supplemental instructional materials are aligned with the California common core academic content standards and meet the needs of the pupils of the *school* district.

This bill would extend this authorization to county offices of education.

(7) *Existing law governing work experience education programs contains a reference to mentally retarded pupils.*

*This bill would change that reference to pupils with intellectual disabilities.*

(8) *Existing law, known as the California State Lottery Act of 1984, establishes a state lottery that, among other things, provides funds to benefit public education. The act requires payments of lottery funds to be made directly to public school districts on the basis of an equal amount for each unit of average daily attendance and requires the number of units of average daily attendance in the 2008–09 to 2012–13 fiscal years, inclusive, to include the same amount of average daily attendance for classes for adults and regional occupational centers and programs used in the calculation made for the 2007–08 fiscal year. As an initiative measure, the act requires that none of its provisions may be changed except to further its purposes by a  $\frac{2}{3}$  vote of both houses of the Legislature and signed by the Governor.*

*This bill also would require the number of units of average daily attendance in the 2013–14 and 2014–15 fiscal years to include the same amount of average daily attendance for classes for adults and regional occupational centers and programs used in the calculation made for the 2007–08 fiscal year. The bill would declare that this change furthers the purposes of the act.*

~~(7)~~

(9) Existing tax law excludes school districts that receive in the prior fiscal year a minimum of \$120 of state aid per pupil or \$2,400 per school district from receiving specified supplemental tax revenues. Existing

law defines these school districts as basic aid school districts or excess tax school entities.

This bill would refer to the school districts that are not eligible to receive the specified supplemental tax revenues as excess tax school entities.

(8)

(10) This bill would make technical amendments and nonsubstantive changes.

Vote: ~~majority~~<sup>2/3</sup>. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. The heading of Article 3 (commencing with  
2     Section 33530) of Chapter 4 of Part 20 of Division 2 of Title 2 of  
3     the Education Code is amended to read:

4

5     Article 3. ~~Curriculum Development and Supplemental Materials~~  
6                     Instructional Quality Commission

7

8     ~~SECTION 1.~~

9     SEC. 2. Section 35566 of the Education Code is amended to  
10    read:

11    35566. Notwithstanding any provisions of this article,  
12    exchanges of property tax revenues between school districts as a  
13    result of reorganization shall be determined pursuant to subdivision  
14    (i) of Section 99 of the Revenue and Taxation Code if one or more  
15    affected school districts receive only basic aid apportionments  
16    required by Section 6 of Article IX of the California Constitution.

17    ~~SEC. 2.~~

18    SEC. 3. Section 35787 of the Education Code is amended to  
19    read:

20    35787. Except as otherwise provided in this article, an action  
21    to lapse a school district is subject to the provisions of Chapter 3  
22    (commencing with Section 35500), and the county committee may  
23    add to its order to lapse a district, pursuant to Section 35783,  
24    appropriate provisions specified in Article 3 (commencing with  
25    Section 35730).

1     ~~SEC. 3.~~

2     *SEC. 4.* Section 41326 of the Education Code is amended to  
3 read:

4     41326. (a) Notwithstanding any other provision of this code,  
5 the acceptance by a school district of an apportionment made  
6 pursuant to Section 41320 that exceeds an amount equal to 200  
7 percent of the amount of the reserve recommended for that district  
8 under the standards and criteria adopted pursuant to Section 33127  
9 constitutes the agreement by the district to the conditions set forth  
10 in this article. Before applying for an emergency apportionment  
11 in the amount identified in this subdivision, the governing board  
12 of a school district shall discuss the need for that apportionment  
13 at a regular or special meeting of the governing board and, at that  
14 meeting, shall receive testimony regarding the apportionment from  
15 parents, exclusive representatives of employees of the district, and  
16 other members of the community. For purposes of this article,  
17 “qualifying school district” means a school district that accepts a  
18 loan as described in this subdivision.

19     (b) The Superintendent shall assume all the legal rights, duties,  
20 and powers of the governing board of a qualifying school district.  
21 The Superintendent, in consultation with the county superintendent  
22 of schools, shall appoint an administrator to act on his or her behalf  
23 in exercising the authority described in this subdivision in  
24 accordance with all of the following:

25     (1) The administrator shall serve under the direction and  
26 supervision of the Superintendent until terminated by the  
27 Superintendent at his or her discretion. The Superintendent shall  
28 consult with the county superintendent of schools before  
29 terminating the administrator.

30     (2) The administrator shall have recognized expertise in  
31 management and finance.

32     (3) To facilitate the appointment of the administrator and the  
33 employment of any necessary staff, for purposes of this section,  
34 the Superintendent is exempt from the requirements of Article 6  
35 (commencing with Section 999) of Chapter 6 of Division 4 of the  
36 Military and Veterans Code and Part 2 (commencing with Section  
37 10100) of Division 2 of the Public Contract Code.

38     (4) Notwithstanding any other law, the Superintendent may  
39 appoint an employee of the state or the office of the county  
40 superintendent of schools to act as administrator for up to the

1 duration of the administratorship. During the tenure of his or her  
2 appointment, the administrator, if he or she is an employee of the  
3 state or the office of the county superintendent of schools, is an  
4 employee of the school district, but shall remain in the same  
5 retirement system under the same plan that has been provided by  
6 his or her employment with the state or the office of the county  
7 superintendent of schools. Upon the expiration or termination of  
8 the appointment, the employee shall have the right to return to his  
9 or her former position, or to a position at substantially the same  
10 level as that position, with the state or the office of the county  
11 superintendent of schools. The time served in the appointment  
12 shall be counted for all purposes as if the administrator had served  
13 that time in his or her former position with the state or the office  
14 of the county superintendent of schools.

15 (5) Except for an individual appointed as an administrator by  
16 the Superintendent pursuant to paragraph (4), the administrator  
17 shall be a member of the State Teachers' Retirement System, if  
18 qualified, for the period of service as administrator, unless he or  
19 she elects in writing not to become a member. A person who is a  
20 member or retirant of the State Teachers' Retirement System at  
21 the time of appointment shall continue to be a member or retirant  
22 of the system for the duration of the appointment. If the  
23 administrator chooses to become a member or is already a member,  
24 the administrator shall be placed on the payroll of the school district  
25 for purposes of providing appropriate contributions to the system.  
26 The Superintendent may also require the administrator to be placed  
27 on the payroll of the school district for purposes of remuneration,  
28 other benefits, and payroll deductions.

29 (6) For purposes of workers' compensation benefits, the  
30 administrator is an employee of the qualifying district, except that  
31 an administrator appointed pursuant to paragraph (4) may be  
32 deemed an employee of the state or office of the county  
33 superintendent of schools, as applicable.

34 (7) The qualifying district shall add the administrator as a  
35 covered employee of the school district for all purposes of errors  
36 and omissions liability insurance policies.

37 (8) The salary and benefits of the administrator shall be  
38 established by the Superintendent and paid by the qualifying school  
39 district.

1 (9) The Superintendent or the administrator may employ, on a  
2 short-term basis; *and* at district expense, any staff necessary to  
3 assist the administrator, including, but not limited to, a certified  
4 public accountant.

5 (10) The administrator may do all of the following:

6 (A) Implement substantial changes in the fiscal policies and  
7 practices of the district, including, if necessary, the filing of a  
8 petition under Chapter 9 (commencing with Section 901) of Title  
9 11 of the United States Code for the adjustment of indebtedness.

10 (B) Revise the educational program of the district to reflect  
11 realistic income projections and pupil performance relative to state  
12 standards.

13 (C) Encourage all members of the school community to accept  
14 a fair share of the burden of the fiscal recovery of the district.

15 (D) Consult, for the purposes described in this subdivision, with  
16 the governing board of the school district, the exclusive  
17 representatives of the employees of the district, parents, and the  
18 community.

19 (E) Consult with, and seek recommendations from, the  
20 Superintendent, county superintendent of schools, and the County  
21 Office Fiscal Crisis and Management Assistance Team authorized  
22 pursuant to subdivision (c) of Section 42127.8 for the purposes  
23 described in this article.

24 (F) With the approval of the Superintendent, enter into  
25 agreements on behalf of the district and, subject to any contractual  
26 obligation of the district, change any existing district rules,  
27 regulations, policies, or practices as necessary for the effective  
28 implementation of the recovery plans referred to in Sections 41327  
29 and 41327.1.

30 (c) (1) For the period of time during which the Superintendent  
31 exercises the authority described in subdivision (b), the governing  
32 board of the qualifying school district shall serve as an advisory  
33 body reporting to the state-appointed administrator, and has no  
34 rights, duties, or powers, and is not entitled to any stipend, benefits,  
35 or other compensation from the district.

36 (2) Upon the appointment of an administrator pursuant to this  
37 section, the district superintendent of schools is no longer an  
38 employee of the district.

39 (3) A determination of the severance compensation for the  
40 district superintendent shall be made pursuant to subdivision (j).

(d) Notwithstanding Section 35031 or any other law, the administrator, after according the affected employee reasonable notice and the opportunity for a hearing, may terminate the employment of any deputy, associate, assistant superintendent of schools, or any other district level administrator who is employed by a school district under a contract of employment signed or renewed after January 1, 1992, if the employee fails to document, to the satisfaction of the administrator, that before the date of the acceptance of the apportionment he or she either advised the governing board of the district, or his or her superior, that actions contemplated or taken by the governing board could result in the fiscal insolvency of the district, or took other appropriate action to avert that fiscal insolvency.

(e) The authority of the Superintendent, and the administrator, under this section shall continue until all of the following occur:

(1) (A) After one complete fiscal year has elapsed following the district's acceptance of a loan as described in subdivision (a), the administrator determines, and so notifies the Superintendent and the county superintendent of schools, that future compliance by the school district with the recovery plans approved pursuant to paragraph (2) is probable.

(B) The Superintendent may return power to the governing board for any area listed in subdivision (a) of Section 41327.1 if performance under the recovery plan for that area has been demonstrated to the satisfaction of the Superintendent.

(2) The Superintendent has approved all of the recovery plans referred to in subdivision (a) of Section 41327 and the County Office Fiscal Crisis and Management Assistance Team completes the improvement plans specified in Section 41327.1 and has completed a minimum of two reports identifying the district's progress in implementing the improvement plans.

(3) The administrator certifies that all necessary collective bargaining agreements have been negotiated and ratified, and that the agreements are consistent with the terms of the recovery plans.

(4) The district has completed all reports required by the Superintendent and the administrator.

(5) The Superintendent determines that future compliance by the school district with the recovery plans approved pursuant to paragraph (2) is probable.



1 (f) When the conditions stated in subdivision (e) have been met,  
2 and at least 60 days after the Superintendent has notified the  
3 Legislature, the Department of Finance, the Controller, and the  
4 county superintendent of schools that he or she expects the  
5 conditions prescribed pursuant to this section to be met, the  
6 governing board of the school district shall regain all of its legal  
7 rights, duties, and powers, except for the powers held by the trustee  
8 provided for pursuant to Article 2 (commencing with Section  
9 41320). The Superintendent shall appoint a trustee under Section  
10 41320.1 to monitor and review the operations of the district until  
11 the conditions of subdivision (b) of that section have been met.

12 (g) Notwithstanding subdivision (f), if the district violates any  
13 provision of the recovery plans approved by the Superintendent  
14 pursuant to this article within five years after the trustee appointed  
15 pursuant to Section 41320.1 is removed or the improvement plans  
16 specified in Section 41327.1 during the period of the trustee's  
17 appointment, the Superintendent may reassume, either directly or  
18 through an administrator appointed in accordance with this section,  
19 all of the legal rights, duties, and powers of the governing board  
20 of the district. The Superintendent shall return to the governing  
21 board of the school district all of its legal rights, duties, and powers  
22 reassumed under this subdivision when he or she determines that  
23 future compliance with the approved recovery plans is probable,  
24 or after a period of one year, whichever occurs later.

25 (h) Article 2 (commencing with Section 41320) shall apply  
26 except as otherwise specified in this article.

27 (i) It is the intent of the Legislature that the legislative budget  
28 subcommittees annually conduct a review of each qualifying school  
29 district that includes an evaluation of the financial condition of the  
30 district, the impact of the recovery plans upon the district's  
31 educational program, and the efforts made by the state-appointed  
32 administrator to obtain input from the community and the  
33 governing board of the district.

34 (j) (1) The district superintendent is entitled to a due process  
35 hearing for purposes of determining final compensation. The final  
36 compensation of the district superintendent shall be between zero  
37 and six times his or her monthly salary. The outcome of the due  
38 process hearing shall be reported to the Superintendent and the  
39 public. The information provided to the public shall explain the  
40 rationale for the compensation.

(2) This subdivision applies only to a contract for employment negotiated on or after June 21, 2004.

(k) (1) When the Superintendent assumes control over a school district pursuant to subdivision (b), he or she shall, in consultation with the County Office Fiscal Crisis and Management Assistance Team, review the fiscal oversight of the district by the county superintendent of schools. The Superintendent may consult with other fiscal experts, including other county superintendents of schools and regional fiscal teams, in conducting this review.

(2) Within three months of assuming control over a qualifying district, the Superintendent shall report his or her findings to the Legislature and shall provide a copy of that report to the Department of Finance. This report shall include findings as to fiscal oversight actions that were or were not taken and may include recommendations as to an appropriate legislative response to improve fiscal oversight.

(3) If after performing the duties described in paragraphs (1) and (2), the Superintendent determines that the county superintendent of schools failed to carry out his or her responsibilities for fiscal oversight as required by this code, the Superintendent may exercise the authority of the county superintendent of schools who has oversight responsibilities for a qualifying school district. If the Superintendent finds, based on the report required in paragraph (2), that the county superintendent of schools failed to appropriately take into account particular types of indicators of financial distress, or failed to take appropriate remedial actions in the qualifying district, the Superintendent shall further investigate whether the county superintendent of schools failed to take into account those indicators, or similarly failed to take appropriate actions in other districts with negative or qualified certifications, and shall provide an additional report on the fiscal oversight practices of the county superintendent to the appropriate policy and fiscal committees of each house of the Legislature and the Department of Finance.

~~SEC. 4.~~

SEC. 5. Section 41344 of the Education Code is amended to read:

41344. (a) If, as the result of an audit or review, a local educational agency is required to repay an apportionment significant audit exception or to pay a penalty arising from an audit

1 exception, the Superintendent and the Director of Finance, or their  
2 designees, jointly shall establish a plan for repayment of state  
3 school funds that the local educational agency received on the  
4 basis of average daily attendance, or other data, that did not comply  
5 with statutory or regulatory requirements that were conditions of  
6 the apportionments, or for payment of a penalty arising from an  
7 audit exception. A local educational agency shall request a plan  
8 within 90 days of receiving the final audit report or review, within  
9 30 days of withdrawing or receiving a final determination regarding  
10 an appeal pursuant to subdivision (d), or, in the absence of an  
11 appeal pursuant to subdivision (d), within 30 days of withdrawing  
12 or receiving a determination of a summary review pursuant to  
13 subdivision (d) of Section 41344.1. At the time the local  
14 educational agency is notified, the Controller also shall be notified  
15 of the plan. The plan shall be established in accordance with the  
16 following:

17 (1) The Controller shall withhold the disallowed or penalty  
18 amount at the next principal apportionment or pursuant to  
19 paragraph (2), unless subdivision (d) of this section or subdivision  
20 (d) of Section 41344.1 applies, in which case the disallowed or  
21 penalty amount shall be withheld, at the next principal  
22 apportionment or pursuant to paragraph (2) following the  
23 determination regarding the appeal or summary appeal. In  
24 calculating a disallowed amount, the Controller shall determine  
25 the total amount of overpayment received by the local educational  
26 agency on the basis of average daily attendance, or other data,  
27 reported by the local educational agency that did not comply with  
28 one or more statutory or regulatory requirements that are conditions  
29 of apportionment.

30 (2) If the Superintendent and the Director of Finance concur  
31 that repayment of the full liability or payment of the penalty in the  
32 current fiscal year would constitute a severe financial hardship for  
33 the local educational agency, they may approve a plan of equal  
34 annual payments over a period of up to eight years. The plan shall  
35 include interest on each year's outstanding balance at the rate  
36 earned on the state's Pooled Money Investment Account during  
37 that year. The Superintendent and the Director of Finance jointly  
38 shall establish this plan. The Controller shall withhold amounts  
39 pursuant to the plan.

1 (3) If the Superintendent and the Director of Finance do not  
2 jointly establish a plan, the Controller shall withhold the entire  
3 disallowed amount determined pursuant to paragraph (1), or the  
4 penalty amount, at the next principal apportionment.

5 (b) (1) For purposes of computing average daily attendance  
6 pursuant to Section 42238.5, a local educational agency's prior  
7 fiscal year average daily attendance shall be reduced by an amount  
8 equal to any average daily attendance disallowed in the current  
9 year, by an audit or review, as defined in subdivision (e).

10 (2) Commencing with the 1999–2000 fiscal year, this  
11 subdivision may not result in a local educational agency repaying  
12 more than the value of the average daily attendance disallowed in  
13 the audit exception plus interest and other penalties or reductions  
14 in apportionments as provided by existing law.

15 (c) Notwithstanding any other law, this section may not be  
16 waived under any authority set forth in this code except as provided  
17 in this section or Section 41344.1.

18 (d) Within 60 days of the date on which a local educational  
19 agency receives a final audit report resulting from an audit or  
20 review of all or any part of the operations of the local educational  
21 agency, or within 30 days of receiving a determination of a  
22 summary review pursuant to subdivision (d) of Section 41344.1,  
23 a local educational agency may appeal a finding contained in the  
24 final report, pursuant to Section 41344.1. Within 90 days of the  
25 date on which the appeal is received by the panel, a hearing shall  
26 be held at which the local educational agency may present evidence  
27 or arguments if the local educational agency believes that the final  
28 report contains any finding that was based on errors of fact or  
29 interpretation of law, or if the local educational agency believes  
30 in good faith that it was in substantial compliance with all legal  
31 requirements. A repayment schedule may not commence until the  
32 panel reaches a determination regarding the appeal. If the panel  
33 determines that the local educational agency is correct in its  
34 assertion, in whole or in part, the allowable portion of any  
35 apportionment payment that was withheld shall be paid at the next  
36 principal apportionment.

37 (e) (1) As used in this section, "audit or review" means an audit  
38 conducted by the Controller's office, an annual audit conducted  
39 by a certified public accountant or a public accounting firm  
40 pursuant to Section 41020, and an audit or review conducted by a

1 governmental agency that provided the local educational agency  
2 with an opportunity to provide a written response.

3 (2) As used in this section, “local educational agency” includes  
4 a charter school.

5 ~~SEC. 5.~~

6 *SEC. 6.* Section 42127 of the Education Code is amended to  
7 read:

8 42127. (a) On or before July 1 of each year, the governing  
9 board of each school district shall accomplish the following:

10 (1) Hold a public hearing on the budget to be adopted for the  
11 subsequent fiscal year. The budget to be adopted shall be prepared  
12 in accordance with Section 42126. The agenda for that hearing  
13 shall be posted at least 72 hours before the public hearing and shall  
14 include the location where the budget will be available for public  
15 inspection.

16 (A) For the 2011–12 fiscal year, notwithstanding any of the  
17 standards and criteria adopted by the state board pursuant to Section  
18 33127, each school district budget shall project the same level of  
19 revenue per unit of average daily attendance as it received in the  
20 2010–11 fiscal year and shall maintain staffing and program levels  
21 commensurate with that level.

22 (B) For the 2011–12 fiscal year, the school district shall not be  
23 required to demonstrate that it is able to meet its financial  
24 obligations for the two subsequent fiscal years.

25 (2) Adopt a budget. Not later than five days after that adoption  
26 or by July 1, whichever occurs first, the governing board shall file  
27 that budget with the county superintendent of schools. That budget  
28 and supporting data shall be maintained and made available for  
29 public review. If the governing board of the district does not want  
30 all or a portion of the property tax requirement levied for the  
31 purpose of making payments for the interest and redemption  
32 charges on indebtedness as described in paragraph (1) or (2) of  
33 subdivision (b) of Section 1 of Article XIII A of the California  
34 Constitution, the budget shall include a statement of the amount  
35 or portion for which a levy shall not be made.

36 (b) The county superintendent of schools may accept changes  
37 in any statement included in the budget, pursuant to subdivision  
38 (a), of the amount or portion for which a property tax levy shall  
39 not be made. The county superintendent or the county auditor shall  
40 compute the actual amounts to be levied on the property tax rolls

1 of the district for purposes that exceed apportionments to the  
2 district pursuant to Chapter 6 (commencing with Section 95) of  
3 Part 0.5 of Division 1 of the Revenue and Taxation Code. Each  
4 school district shall provide all data needed by the county  
5 superintendent or the county auditor to compute the amounts. On  
6 or before August 15, the county superintendent shall transmit the  
7 amounts computed to the county auditor who shall compute the  
8 tax rates necessary to produce the amounts. On or before September  
9 1, the county auditor shall submit the rate computed to the board  
10 of supervisors for adoption.

11 (c) The county superintendent of schools shall do all of the  
12 following:

13 (1) Examine the adopted budget to determine whether it  
14 complies with the standards and criteria adopted by the state board  
15 pursuant to Section 33127 for application to final local educational  
16 agency budgets. The county superintendent shall identify, if  
17 necessary, any technical corrections that are required to be made  
18 to bring the budget into compliance with those standards and  
19 criteria.

20 (2) Determine whether the adopted budget will allow the district  
21 to meet its financial obligations during the fiscal year and is  
22 consistent with a financial plan that will enable the district to satisfy  
23 its multiyear financial commitments. In addition to his or her own  
24 analysis of the budget of each school district, the county  
25 superintendent of schools shall review and consider studies, reports,  
26 evaluations, or audits of the school district that were commissioned  
27 by the district, the county superintendent, the Superintendent, and  
28 state control agencies and that contain evidence that the school  
29 district is showing fiscal distress under the standards and criteria  
30 adopted in Section 33127 or that contain a finding by an external  
31 reviewer that more than three of the 15 most common predictors  
32 of a school district needing intervention, as determined by the  
33 County Office Fiscal Crisis and Management Assistance Team,  
34 are present. The county superintendent of schools shall either  
35 conditionally approve or disapprove a budget that does not provide  
36 adequate assurance that the district will meet its current and future  
37 obligations and resolve any problems identified in studies, reports,  
38 evaluations, or audits described in this paragraph.

39 (d) On or before August 15, the county superintendent of schools  
40 shall approve, conditionally approve, or disapprove the adopted

1 budget for each school district. If a school district does not submit  
2 a budget to the county superintendent of schools, the county  
3 superintendent of schools shall develop, at district expense, a  
4 budget for that school district by September 15 and transmit that  
5 budget to the governing board of the school district. The budget  
6 prepared by the county superintendent of schools shall be deemed  
7 adopted, unless the county superintendent of schools approves any  
8 modifications made by the governing board of the school district.  
9 The approved budget shall be used as a guide for the district's  
10 priorities. The Superintendent shall review and certify the budget  
11 approved by the county. If, pursuant to the review conducted  
12 pursuant to subdivision (c), the county superintendent of schools  
13 determines that the adopted budget for a school district does not  
14 satisfy paragraph (1) or (2) of that subdivision, he or she shall  
15 conditionally approve or disapprove the budget and, not later than  
16 August 15, transmit to the governing board of the school district,  
17 in writing, his or her recommendations regarding revision of the  
18 budget and the reasons for those recommendations, including, but  
19 not limited to, the amounts of any budget adjustments needed  
20 before he or she can approve that budget. The county  
21 superintendent of schools may assign a fiscal adviser to assist the  
22 district to develop a budget in compliance with those revisions. In  
23 addition, the county superintendent of schools may appoint a  
24 committee to examine and comment on the superintendent's review  
25 and recommendations, subject to the requirement that the  
26 committee report its findings to the county superintendent no later  
27 than August 20. For the 2011–12 fiscal year, notwithstanding any  
28 of the standards and criteria adopted by the state board pursuant  
29 to Section 33127, the county superintendent, as a condition on  
30 approval of a school district budget, shall not require a school  
31 district to project a lower level of revenue per unit of average daily  
32 attendance than it received in the 2010–11 fiscal year nor require  
33 the school district to demonstrate that it is able to meet its financial  
34 obligations for the two subsequent fiscal years.

35 (e) On or before September 8, the governing board of the school  
36 district shall revise the adopted budget to reflect changes in  
37 projected income or expenditures subsequent to July 1, and to  
38 include any response to the recommendations of the county  
39 superintendent of schools, shall adopt the revised budget, and shall  
40 file the revised budget with the county superintendent of schools.

1 Before revising the budget, the governing board shall hold a public  
2 hearing regarding the proposed revisions, to be conducted in  
3 accordance with Section 42103. In addition, if the adopted budget  
4 is disapproved pursuant to subdivision (d), the governing board  
5 and the county superintendent of schools shall review the  
6 disapproval and the recommendations of the county superintendent  
7 of schools regarding revision of the budget at the public hearing.  
8 The revised budget and supporting data shall be maintained and  
9 made available for public review.

10 (1) For the 2011–12 fiscal year, notwithstanding any of the  
11 standards and criteria adopted by the state board pursuant to Section  
12 33127, each school district budget shall project the same level of  
13 revenue per unit of average daily attendance as it received in the  
14 2010–11 fiscal year and shall maintain staffing and program levels  
15 commensurate with that level.

16 (2) For the 2011–12 fiscal year, the school district shall not be  
17 required to demonstrate that it is able to meet its financial  
18 obligations for the two subsequent fiscal years.

19 (f) On or before September 22, the county superintendent of  
20 schools shall provide a list to the Superintendent identifying all  
21 school districts for which budgets may be disapproved.

22 (g) The county superintendent of schools shall examine the  
23 revised budget to determine whether it (1) complies with the  
24 standards and criteria adopted by the state board pursuant to Section  
25 33127 for application to final local educational agency budgets,  
26 (2) allows the district to meet its financial obligations during the  
27 fiscal year, (3) satisfies all conditions established by the county  
28 superintendent of schools in the case of a conditionally approved  
29 budget, and (4) is consistent with a financial plan that will enable  
30 the district to satisfy its multiyear financial commitments, and, not  
31 later than October 8, shall approve or disapprove the revised  
32 budget. If the county superintendent of schools disapproves the  
33 budget, he or she shall call for the formation of a budget review  
34 committee pursuant to Section 42127.1, unless the governing board  
35 of the school district and the county superintendent of schools  
36 agree to waive the requirement that a budget review committee be  
37 formed and the department approves the waiver after determining  
38 that a budget review committee is not necessary. Upon the grant  
39 of a waiver, the county superintendent immediately has the  
40 authority and responsibility provided in Section 42127.3. Upon



1 approving a waiver of the budget review committee, the department  
2 shall ensure that a balanced budget is adopted for the school district  
3 by November 30. If no budget is adopted by November 30, the  
4 Superintendent may adopt a budget for the school district. The  
5 Superintendent shall report to the Legislature and the Director of  
6 Finance by December 10 if any district, including a district that  
7 has received a waiver of the budget review committee process,  
8 does not have an adopted budget by November 30. This report  
9 shall include the reasons why a budget has not been adopted by  
10 the deadline, the steps being taken to finalize budget adoption, the  
11 date the adopted budget is anticipated, and whether the  
12 Superintendent has or will exercise his or her authority to adopt a  
13 budget for the school district. For the 2011–12 fiscal year,  
14 notwithstanding any of the standards and criteria adopted by the  
15 state board pursuant to Section 33127, the county superintendent,  
16 as a condition on approval of a school district budget, shall not  
17 require a school district to project a lower level of revenue per unit  
18 of average daily attendance than it received in the 2010–11 fiscal  
19 year nor require the school district to demonstrate that it is able to  
20 meet its financial obligations for the two subsequent fiscal years.

21 (h) Not later than October 8, the county superintendent of  
22 schools shall submit a report to the Superintendent identifying all  
23 school districts for which budgets have been disapproved or budget  
24 review committees waived. The report shall include a copy of the  
25 written response transmitted to each of those districts pursuant to  
26 subdivision (d).

27 (i) Notwithstanding any other provision of this section, the  
28 budget review for a school district shall be governed by paragraphs  
29 (1), (2), and (3), rather than by subdivisions (e) and (g), if the  
30 governing board of the school district so elects and notifies the  
31 county superintendent in writing of that decision, not later than  
32 October 31 of the immediately preceding calendar year. On or  
33 before July 1, the governing board of a school district for which  
34 the budget review is governed by this subdivision, rather than by  
35 subdivisions (e) and (g), shall conduct a public hearing regarding  
36 its proposed budget in accordance with Section 42103.

37 (1) If the adopted budget of a school district is disapproved  
38 pursuant to subdivision (d), on or before September 8, the  
39 governing board of the school district, in conjunction with the  
40 county superintendent of schools, shall review the superintendent's

1 recommendations at a regular meeting of the governing board and  
2 respond to those recommendations. The response shall include  
3 any revisions to the adopted budget and other proposed actions to  
4 be taken, if any, as a result of those recommendations.

5 (2) On or before September 22, the county superintendent of  
6 schools shall provide a list to the Superintendent identifying all  
7 school districts for which a budget may be tentatively disapproved.

8 (3) Not later than October 8, after receiving the response  
9 required under paragraph (1), the county superintendent of schools  
10 shall review that response and either approve or disapprove the  
11 budget. If the county superintendent of schools disapproves the  
12 budget, he or she shall call for the formation of a budget review  
13 committee pursuant to Section 42127.1, unless the governing board  
14 of the school district and the county superintendent of schools  
15 agree to waive the requirement that a budget review committee be  
16 formed and the department approves the waiver after determining  
17 that a budget review committee is not necessary. Upon the grant  
18 of a waiver, the county superintendent has the authority and  
19 responsibility provided to a budget review committee in Section  
20 42127.3. Upon approving a waiver of the budget review committee,  
21 the department shall ensure that a balanced budget is adopted for  
22 the school district by November 30. The Superintendent shall  
23 report to the Legislature and the Director of Finance by December  
24 10 if any district, including a district that has received a waiver of  
25 the budget review committee process, does not have an adopted  
26 budget by November 30. This report shall include the reasons why  
27 a budget has not been adopted by the deadline, the steps being  
28 taken to finalize budget adoption, and the date the adopted budget  
29 is anticipated. For the 2011–12 fiscal year, notwithstanding any  
30 of the standards and criteria adopted by the state board pursuant  
31 to Section 33127, the county superintendent, as a condition on  
32 approval of a school district budget, shall not require a school  
33 district to project a lower level of revenue per unit of average daily  
34 attendance than it received in the 2010–11 fiscal year nor require  
35 the school district to demonstrate that it is able to meet its financial  
36 obligations for the two subsequent fiscal years.

37 (4) Not later than 45 days after the Governor signs the annual  
38 Budget Act, the school district shall make available for public  
39 review any revisions in revenues and expenditures that it has made

1 to its budget to reflect the funding made available by that Budget  
2 Act.

3 (j) Any school district for which the county board of education  
4 serves as the governing board is not subject to subdivisions (c) to  
5 (h), inclusive, but is governed instead by the budget procedures  
6 set forth in Section 1622.

7 ~~SEC. 6.~~

8 *SEC. 7.* Section 42131 of the Education Code is amended to  
9 read:

10 42131. (a) (1) Pursuant to the reports required by Section  
11 42130, the governing board of each school district shall certify, in  
12 writing, within 45 days after the close of the period being reported,  
13 whether the school district is able to meet its financial obligations  
14 for the remainder of the fiscal year and, based on current forecasts,  
15 for the subsequent fiscal year. These certifications shall be based  
16 upon the governing board's assessment, on the basis of standards  
17 and criteria for fiscal stability adopted by the state board pursuant  
18 to Section 33127, of the district budget, as revised to reflect current  
19 information regarding the adopted State Budget, district property  
20 tax revenues pursuant to Sections 95 to 100, inclusive, of the  
21 Revenue and Taxation Code, and ending balances for the preceding  
22 fiscal year as reported pursuant to Section 42100. The certifications  
23 shall be classified as positive, qualified, or negative, as prescribed  
24 by the Superintendent for purposes of determining subsequent  
25 actions by the Superintendent, the Controller, or the county  
26 superintendent of schools, pursuant to subdivisions (b) and (c).  
27 These certifications shall be based upon the financial and budgetary  
28 reports required by Section 42130 but may include additional  
29 financial information known by the governing board to exist at the  
30 time of each certification. For purposes of this subdivision, a  
31 negative certification shall be assigned to any school district that,  
32 based upon current projections, will be unable to meet its financial  
33 obligations for the remainder of the fiscal year or the subsequent  
34 fiscal year. A qualified certification shall be assigned to any school  
35 district that, based upon current projections, may not meet its  
36 financial obligations for the current fiscal year or two subsequent  
37 fiscal years. A positive certification shall be assigned to any school  
38 district that, based upon current projections, will meet its financial  
39 obligations for the current fiscal year and subsequent two fiscal  
40 years.

1 (2) (A) A copy of each certification and a copy of the report  
2 submitted to the governing board pursuant to Section 42130 shall  
3 be filed with the county superintendent of schools. If a county  
4 office of education receives a positive certification when it  
5 determines a negative or qualified certification should have been  
6 filed, or receives a qualified certification when it determines a  
7 negative certification should have been filed, the county  
8 superintendent of schools shall change the certification to negative  
9 or qualified, as appropriate, and, no later than 75 days after the  
10 close of the period being reported, shall provide notice of that  
11 action to the governing board of the school district and to the  
12 Superintendent. No later than five days after a school district  
13 receives notice from the county superintendent of schools of a  
14 change in the district's certification to negative or qualified, the  
15 governing board of the district may submit an appeal to the  
16 Superintendent regarding the validity of that change, in accordance  
17 with the criteria applied to those designations pursuant to this  
18 subdivision. No later than 10 days after receiving that appeal, the  
19 Superintendent shall determine the certification to be assigned to  
20 the district and shall notify the governing board of the district and  
21 the county superintendent of schools of that determination.

22 (B) Copies of any certification in which the governing board is  
23 unable to certify unqualifiedly that these financial obligations will  
24 be met and a copy of the report submitted to the governing board  
25 pursuant to Section 42130 shall be sent by the county office of  
26 education to the Controller and the Superintendent at the time of  
27 the certification, together with a completed transmittal form  
28 provided by the Superintendent. Within 75 days after the close of  
29 the reporting period on all school district certifications that are  
30 classified as qualified or negative pursuant to this section, the  
31 appropriate county superintendent of schools shall submit to the  
32 Superintendent and the Controller his or her comments on those  
33 certifications and report any action proposed or taken pursuant to  
34 subdivision (b).

35 (3) All reports and certifications required under this subdivision  
36 shall be in a format or on forms prescribed by the Superintendent  
37 and shall be based on standards and criteria for fiscal stability  
38 adopted by the state board pursuant to Section 33127.

39 (4) This subdivision does not preclude the submission of  
40 additional budgetary or financial reports by the county

1 superintendent of schools to the governing board of the district,  
2 or to the Superintendent.

3 (b) As to any school district having a negative or qualified  
4 certification, the county superintendent of schools shall exercise  
5 his or her authority, as necessary, pursuant to Section 42127.6.

6 (c) Within 75 days after the close of each reporting period, each  
7 county superintendent of schools shall report to the Controller and  
8 the Superintendent as to whether the governing board of each of  
9 the school districts under his or her jurisdiction has submitted the  
10 certification required by subdivision (a). That report shall account  
11 for all districts under the jurisdiction of the county office of  
12 education and indicate the type of certification filed by each  
13 district.

14 (d) The Controller's office may conduct an audit or review of  
15 the fiscal condition of any district having a negative or qualified  
16 certification.

17 (e) The governing board of each school district filing a qualified  
18 or negative certification for the second report required under  
19 Section 42130, or classified as qualified or negative by the county  
20 superintendent of schools, shall provide to the county  
21 superintendent of schools, the Controller, and the Superintendent  
22 no later than June 1, financial statement projections of the district's  
23 fund and cash balances through June 30 for the period ending April  
24 30. The governing boards of all other school districts are  
25 encouraged to develop a similar financial statement for use in  
26 developing the beginning fund balances of the district for the  
27 ensuing fiscal year.

28 (f) Any school district for which the county board of education  
29 serves as the governing board is not subject to subdivisions (a) to  
30 (f), inclusive, but is governed instead by the interim report,  
31 monitoring, and review procedures set forth in subdivision (l) of  
32 Section 1240 and in Article 2 (commencing with Section 1620)  
33 of Chapter 5 of Part 2.

34 ~~SEC. 7.~~

35 *SEC. 8.* Section 42238.12 of the Education Code is amended  
36 to read:

37 42238.12. (a) For the 1995–96 fiscal year and each fiscal year  
38 thereafter, the county superintendent of schools shall adjust the  
39 total revenue limit for each school district in the jurisdiction of the  
40 county superintendent of schools by the amount of increased or

1 decreased employer contributions to the Public Employees'  
2 Retirement System resulting from the enactment of Chapter 330  
3 of the Statutes of 1982, adjusted for any changes in those  
4 contributions resulting from subsequent changes in employer  
5 contribution rates, excluding rate changes due to the direct transfer  
6 of the state-mandated portion of the employer contributions to the  
7 Public Employees' Retirement System, through the current fiscal  
8 year. The adjustment shall be calculated for each school district,  
9 as follows:

10 (1) (A) Determine the amount of employer contributions that  
11 would have been made in the current fiscal year if the applicable  
12 Public Employees' Retirement System employer contribution rate  
13 in effect immediately before the enactment of Chapter 330 of the  
14 Statutes of 1982 were in effect during the current fiscal year.

15 (B) For purposes of this calculation, no school district shall have  
16 a contribution rate higher than 13.020 percent.

17 (2) Determine the actual amount of employer contributions  
18 made to the Public Employees' Retirement System in the current  
19 fiscal year.

20 (3) If the amount determined in paragraph (1) for a school  
21 district is greater than the amount determined in paragraph (2), the  
22 total revenue limit computed for that school district shall be  
23 decreased by the amount of the difference between those  
24 paragraphs; or, if the amount determined in paragraph (1) for a  
25 school district is less than the amount determined in paragraph (2),  
26 the total revenue limit for that school district shall be increased by  
27 the amount of the difference between those paragraphs.

28 (4) For the purpose of this section, employer contributions to  
29 the Public Employees' Retirement System for any of the following  
30 positions shall be excluded from the calculation specified above:

31 (A) Positions or portions of positions supported by federal funds  
32 that are subject to supplanting restrictions.

33 (B) Positions supported by funds received pursuant to Section  
34 41540 that are established in order to satisfy court-ordered  
35 desegregation requirements.

36 (C) Positions supported, to the extent of employers'  
37 contributions not exceeding twenty-five thousand dollars (\$25,000)  
38 by any single educational agency, from a non-General Fund  
39 revenue source determined to be properly excludable from this  
40 section by the Superintendent with the approval of the Director of

1 Finance. Commencing in the 2002–03 fiscal year, only positions  
2 supported from a non-General Fund revenue source determined  
3 to be properly excludable as identified for a particular local  
4 educational agency or pursuant to a blanket waiver by the  
5 Superintendent and the Director of Finance, before the 2002–03  
6 fiscal year, may be excluded pursuant to this paragraph.

7 (5) For accounting purposes, any reduction to district revenue  
8 limits made by this provision may be reflected as an expenditure  
9 from appropriate sources of revenue as directed by the  
10 Superintendent.

11 (6) The amount of the increase or decrease to the revenue limits  
12 of school districts computed pursuant to paragraph (3) for the  
13 1995–96 to 2002–03 fiscal years, inclusive, may not be adjusted  
14 by the deficit factor applied to the revenue limit of each school  
15 district pursuant to Section 42238.145.

16 (7) For the 2003–04 fiscal year and any fiscal year thereafter,  
17 the revenue limit reduction specified in Section 42238.146 may  
18 not be applied to the amount of the increase or decrease to the  
19 revenue limits of school districts computed pursuant to paragraph  
20 (3).

21 (b) The calculations set forth in paragraphs (1) to (3), inclusive,  
22 of subdivision (a) exclude employer contributions for employees  
23 of charter schools funded pursuant to Article 2 (commencing with  
24 Section 47633) of Chapter 6 of Part 26.8.

25 (c) Funding appropriated through the Budget Act of 2001 or  
26 legislation amending the Budget Act of 2001 for the purpose of  
27 limiting the reductions to revenue limits calculated pursuant to  
28 this section and to Section 2558 for the 2001–02 fiscal year shall  
29 be allocated on a one-time basis in the following manner:

30 (1) Each school district and county office of education subject  
31 to a reduced apportionment pursuant to this section or to Section  
32 2558 shall receive a share of the amount described in paragraph  
33 (3) that is proportionate to the reduction in their apportionment  
34 pursuant to this section or to Section 2558 for the 2001–02 fiscal  
35 year as compared to the statewide total reduction that would occur  
36 absent this paragraph.

37 (2) For the 2001–02 fiscal year, instead of the alternative  
38 calculation authorized by paragraph (1), San Francisco Unified  
39 School District shall receive an amount equal to five dollars and

1 57 cents (\$5.57) multiplied by its second principal apportionment  
2 average daily attendance for the 2001–02 fiscal year.

3 (3) Notwithstanding any other law, total allocations pursuant  
4 to this subdivision may not exceed thirty-five million dollars  
5 (\$35,000,000).

6 (d) Thirty-five million dollars (\$35,000,000) is hereby  
7 appropriated from the General Fund for transfer to Section A of  
8 the State School Fund for local assistance for the purpose of  
9 limiting the reductions to revenue limits calculated pursuant to  
10 this section and to Section 2558 for the 2003–04 fiscal year.  
11 Funding from this appropriation shall be allocated in the following  
12 manner:

13 (1) Each school district and county office of education subject  
14 to a reduced apportionment pursuant to this section or to Section  
15 2558 shall receive a share of the amount appropriated in this  
16 subdivision that is proportionate to the reduction in their  
17 apportionment pursuant to this section or to Section 2558 for the  
18 2003–04 fiscal year as compared to the statewide total reduction  
19 that would occur absent this paragraph.

20 (2) For the 2003–04 fiscal year, instead of the alternative  
21 calculation authorized by paragraph (1), the San Francisco Unified  
22 School District shall receive an amount equal to five dollars and  
23 57 cents (\$5.57) multiplied by its second principal apportionment  
24 average daily attendance for the 2003–04 fiscal year.

25 (3) Notwithstanding any other law, total allocations pursuant  
26 to this subdivision may not exceed thirty-five million dollars  
27 (\$35,000,000) for the 2003–04 fiscal year.

28 (4) For the purposes of making the computations required by  
29 Section 8 of Article XVI of the California Constitution, the  
30 appropriation made by this section shall be deemed to be “General  
31 Fund revenues appropriated for school districts,” as defined in  
32 subdivision (c) of Section 41202, for the 2003–04 fiscal year and  
33 included within the “total allocations to school districts and  
34 community college districts from General Fund proceeds of taxes  
35 appropriated pursuant to Article XIII B,” as defined in subdivision  
36 (e) of Section 41202, for the 2003–04 fiscal year.

37 (e) For the 2004–05 fiscal year, and each fiscal year thereafter,  
38 apportionment reductions pursuant to this section and to Section  
39 2558 shall be limited as follows:



(1) Each school district and county office of education subject to a reduced apportionment pursuant to this section or to Section 2558 shall receive a share of the amount described in paragraph (3) that is proportionate to the reduction in their apportionment pursuant to this section or to Section 2558 for the 2004–05 fiscal year as compared to the statewide total reduction as would occur absent this paragraph.

(2) Instead of the alternative calculation authorized by paragraph (1), the San Francisco Unified School District shall receive funding equal to the amount of funding per unit of average daily attendance specified in paragraph (2) of subdivision (c) as increased annually by cost-of-living adjustments specified in Section 42238.1, multiplied by its second principal apportionment average daily attendance for that fiscal year.

(3) Notwithstanding any other law, total limitations pursuant to this subdivision may not annually exceed thirty-five million dollars (\$35,000,000) as annually increased by the cost-of-living adjustments specified in Section 42238.1, multiplied by the annual statewide percentage growth in total average daily attendance, measured at the second principal apportionment.

~~SEC. 8.~~

*SEC. 9.* Section 48070.6 of the Education Code is amended to read:

48070.6. (a) On or before August 1, 2011, and annually thereafter, utilizing data produced by the California Longitudinal Pupil Achievement Data System pursuant to Section 60900 and other available data, the Superintendent shall submit to the Governor, the Legislature, and the state board a report that shall be called the Annual Report on Dropouts in California. The report shall include, but not be limited to, all of the following:

- (1) One-year dropout rates for each of grades 7 to 12, inclusive.
- (2) Four-year cohort dropout rates for grades 9 to 12, inclusive.
- (3) Two- or three-year cohort dropout rates, as appropriate, for middle schools.
- (4) Grade 9 to grade 10 promotion rates.
- (5) Percentage of high school pupils for each of grades 9 to 12, inclusive, who are on track to earn sufficient credits to graduate.
- (6) The average number of nonpromotional school moves that pupils make between grades 6 to 12, inclusive.

1 (7) “Full-year” dropout rates for alternative schools, including  
2 dropout recovery high schools, calculated using a methodology  
3 developed by the Superintendent to appropriately reflect dropout  
4 rates in each type of alternative school.

5 (8) An explanation of the methodology or methodologies used  
6 to calculate “full-year” dropout rates for alternative schools  
7 pursuant to paragraph (7).

8 (9) Passage rates on the high school exit examination adopted  
9 pursuant to subdivision (a) of Section 60850.

10 (10) Other available data relating to dropout or graduation rates  
11 or pupil progress toward high school graduation.

12 (b) When cohort dropout rates can be calculated accurately  
13 using longitudinal data, the rates described in paragraph (3) of  
14 subdivision (a) shall be replaced by dropout rates for cohorts of  
15 pupils entering middle school.

16 (c) When data is available, the report shall also include all of  
17 the following:

18 (1) Rates at which pupils graduate in four, five, and six years,  
19 pursuant to subparagraph (A) of paragraph (4) of subdivision (a)  
20 of Section 52052.

21 (2) Percentage of high school graduates and dropouts who  
22 completed courses that are certified by the University of California  
23 as meeting admission requirement criteria for the University of  
24 California and California State University systems.

25 (3) Percentage of high school graduates and dropouts who  
26 completed two or more classes in career technical education.

27 (4) Percentage of high school graduates and dropouts who  
28 completed both course sequences described in paragraphs (2) and  
29 (3).

30 (5) Behavioral data by school and district, including suspensions  
31 and expulsions.

32 (6) Truancy rates.

33 (7) GED earning rates.

34 (8) Chronic absentee rates, as defined in Section 60901.

35 (d) If possible, the data listed in subdivisions (a) and (b) shall  
36 be presented in the report, organized as follows:

37 (1) By state.

38 (2) By county.

39 (3) By district, both including and excluding charter schools.

40 (4) By school.

1 (e) The report shall include data from alternative middle and  
2 high schools, including continuation high schools, community day  
3 schools, juvenile court schools, special schools, opportunity  
4 schools, and schools attended by wards of the Department of  
5 Corrections and Rehabilitation, Division of Juvenile Justice.

6 (f) The report may include relevant data on school climate and  
7 pupil engagement from the California Healthy Kids Survey.

8 (g) If possible, the data listed in subdivisions (a) and (b) shall  
9 be presented for the following subgroups, if the subgroup consists  
10 of at least 50 pupils, and the subgroup constitutes at least 15 percent  
11 of the total population of pupils at a school:

12 (1) Grade level.

13 (2) Ethnicity.

14 (3) Gender.

15 (4) Low socioeconomic status.

16 (5) English learners.

17 (6) Special education status.

18 (h) The first Annual Report on Dropouts in California shall  
19 include data from the most recent year. Subsequent annual reports  
20 shall include data from the most recent year and, at a minimum,  
21 the two prior years, so that comparisons can be made easily.

22 (i) The Superintendent or his or her designee shall make an oral  
23 presentation of the contents of the report to the state board at a  
24 regularly scheduled meeting of the board.

25 (j) The Superintendent shall make the contents of the report  
26 available on the department's Internet Web site in a format that is  
27 easy for the public to access and understand.

28 (k) If inclusion of school-level data would render the written  
29 report unwieldy, the data may be omitted from the written report  
30 and posted on the department's Internet Web site.

31 (l) It is the intent of the Legislature that the report prepared by  
32 the Superintendent be usable by schools, districts, policymakers,  
33 researchers, parents, and the public, for purposes of identifying  
34 and understanding trends, causal relations, early warning indicators,  
35 and potential points of intervention to address the high rate of  
36 dropouts in California.

37 (m) For purposes of this section, dropouts shall be defined using  
38 the exit/withdrawal codes developed by the department.

(n) For purposes of this section, “dropout recovery high school” has the same meaning as defined in subparagraph (D) of paragraph (4) of subdivision (a) of Section 52052.

~~SEC. 9.~~

*SEC. 10.* Section 48904 of the Education Code is amended to read:

48904. (a) (1) Notwithstanding Section 1714.1 of the Civil Code, the parent or guardian of any minor whose willful misconduct results in injury or death to any pupil or any person employed by, or performing volunteer services for, a school district or private school or who willfully cuts, defaces, or otherwise injures in any way any property, real or personal, belonging to a school district or private school, or personal property of any school employee, shall be liable for all damages so caused by the minor. The liability of the parent or guardian shall not exceed ten thousand dollars (\$10,000), adjusted annually for inflation. The parent or guardian shall be liable also for the amount of any reward not exceeding ten thousand dollars (\$10,000), adjusted annually for inflation, paid pursuant to Section 53069.5 of the Government Code. The parent or guardian of a minor shall be liable to a school district or private school for all property belonging to the school district or private school loaned to the minor and not returned upon demand of an employee of the district or private school authorized to make the demand.

(2) The Superintendent annually shall compute an adjustment of the liability limits prescribed by this subdivision to reflect the percentage change in the average annual value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States, as published by the United States Department of Commerce for the 12-month period ending in the prior fiscal year. The annual adjustment shall be rounded to the nearest one hundred dollars (\$100).

(b) (1) Any school district or private school whose real or personal property has been willfully cut, defaced, or otherwise injured, or whose property is loaned to a pupil and willfully not returned upon demand of an employee of the district or private school authorized to make the demand may, after affording the pupil his or her due process rights, withhold the grades, diploma, and transcripts of the pupil responsible for the damage until the

pupil or the pupil's parent or guardian has paid for the damages thereto, as provided in subdivision (a).

(2) The school district or private school shall notify the parent or guardian of the pupil in writing of the pupil's alleged misconduct before withholding the pupil's grades, diploma, or transcripts pursuant to this subdivision. When the minor and parent are unable to pay for the damages, or to return the property, the school district or private school shall provide a program of voluntary work for the minor in lieu of the payment of monetary damages. Upon completion of the voluntary work, the grades, diploma, and transcripts of the pupil shall be released.

(3) The governing board of each school district or governing body of each private school shall establish rules and regulations governing procedures for the implementation of this subdivision. The procedures shall conform to, but are not necessarily limited to, those procedures established in this code for the expulsion of pupils.

~~SEC. 10.~~

*SEC. 11.* Section 49550.3 of the Education Code is amended to read:

49550.3. (a) Because a hungry child cannot learn, the Legislature intends, as a state nutrition and health policy, that the School Breakfast Program be made available in all schools where it is needed to provide adequate nutrition for children in attendance.

(b) The department, in cooperation with school districts and county superintendents of schools, shall provide information and limited financial assistance to encourage program startup and expansion into all qualified schools, as follows:

(1) Provide information to school districts and county superintendents of schools concerning the benefits and availability of the School Breakfast Program.

(2) Each year, provide additional information and financial assistance to schools in the state, in which 20 percent or more of the school enrollment consists of children who have applied and qualify for free and reduced-price meals.

(c) The department shall award grants of up to fifteen thousand dollars (\$15,000) per schoolsite on a competitive basis to school districts, county superintendents of schools, or entities approved by the department, limited to an amount subject to budget appropriations each fiscal year, for nonrecurring expenses incurred

1 in initiating or expanding a school breakfast program under this  
2 section or a summer food service program pursuant to Article 10.7  
3 (commencing with Section 49547).

4 (d) Grants awarded under this section shall be used for  
5 nonrecurring costs of initiating or expanding a school breakfast  
6 program or a summer food service program, including the  
7 acquisition of equipment, training of staff in new capacities,  
8 outreach efforts to publicize new or expanded school breakfast  
9 programs or summer food service programs, minor alterations to  
10 accommodate new equipment, computer point-of-service systems  
11 for food service, and the purchase of vehicles for transporting food  
12 to schools. Funds may not be used for salaries and benefits of staff,  
13 food, computers, except computer point-of-service systems, or  
14 capital outlay.

15 (e) In making grant awards under this section in any fiscal year,  
16 the department shall give a preference to school districts and county  
17 superintendents of schools that do all of the following:

18 (1) Submit to the department a plan to start or expand school  
19 breakfast programs or summer food service programs in the district  
20 or the county, including a description of the following:

21 (A) The manner in which the district or county will provide  
22 technical assistance and funding to schoolsites to expand those  
23 programs.

24 (B) Detailed information on the nonrecurring expenses needed  
25 to initiate a program.

26 (C) Public or private resources that have been assembled to  
27 carry out expansion of these programs during that year.

28 (2) Agree to operate the breakfast program or the summer food  
29 service program for a period of not less than three years.

30 (3) Assure that the expenditure of funds from state and local  
31 resources for the maintenance of the breakfast program or the  
32 summer food service program shall not be diminished as a result  
33 of grant awards received under this section.

34 *SEC. 12. Section 51765 of the Education Code is amended to*  
35 *read:*

36 51765. (a) The governing board of ~~any~~ a school district ~~which~~  
37 ~~that~~ establishes and supervises a work experience education  
38 program in which ~~mentally-retarded~~ pupils *with intellectual*  
39 *disabilities* are employed in part-time jobs may use funds derived

1 from any source, to the extent permissible by appropriate law or  
2 regulation, to pay the wages of pupils so employed.

3 ~~The~~

4 (b) *The* Legislature hereby finds and declares that the authority  
5 granted by ~~the provisions of~~ this section is necessary to ensure that  
6 the work experience education program will continue to provide  
7 maximum educational benefit to ~~students~~ *pupils*, particularly  
8 ~~mentally-retarded pupils with intellectual disabilities~~, and that ~~such~~  
9 *the* program is deemed to serve a public purpose.

10 ~~SEC. 11.~~

11 *SEC. 13.* Section 60605.86 of the Education Code is amended  
12 to read:

13 60605.86. (a) The department shall recommend, and the state  
14 board shall approve, evaluation criteria to guide the development  
15 and review of supplemental instructional materials.

16 (b) Notwithstanding any other law, and on a one-time basis, the  
17 department shall develop a list, on or before July 1, 2012, of  
18 supplemental instructional materials for use in kindergarten and  
19 grades 1 to 8, inclusive, that are aligned with the California  
20 common core academic content standards for language arts and  
21 for use in kindergarten and grades 1 to 7, inclusive, that are aligned  
22 with the California common core academic content standards for  
23 mathematics. The supplemental instructional materials shall  
24 provide a bridge between the California common core academic  
25 content standards and the standards-aligned instructional materials  
26 currently being used by local educational agencies.

27 (c) (1) The department shall recommend, and the state board  
28 shall approve, content review experts to review, in an open and  
29 transparent process, supplemental instructional materials submitted  
30 for approval in the subject areas of mathematics and English  
31 language arts.

32 (2) The majority of content review experts approved pursuant  
33 to paragraph (1) shall be teachers who are credentialed in the  
34 subject area they are reviewing. The content review experts shall  
35 also include appropriate persons from postsecondary institutions  
36 and school and school district curriculum administrators, and other  
37 persons who are knowledgeable in the appropriate subject area.

38 (3) The content review experts shall serve without compensation.

39 (d) (1) On or before September 30, 2012, the state board shall  
40 do the following:

1 (A) Approve all, or a portion, of the list of supplemental  
2 instructional materials proposed by the department, taking into  
3 consideration the review of the content review experts and any  
4 other relevant information, as appropriate.

5 (B) Reject all, or a portion, of the list of supplemental  
6 instructional materials proposed by the department, taking into  
7 consideration the review of the content review experts and any  
8 other relevant information, as appropriate.

9 (2) The state board may add an item to the list of supplemental  
10 instructional materials proposed by the department.

11 (3) If the state board rejects all, or a portion, of the list of  
12 supplemental instructional materials proposed by the department,  
13 or adds an item to the list, the state board, in a public meeting held  
14 pursuant to the Bagley-Keene Open Meeting Act (Article 9  
15 (commencing with Section 11120) of Chapter 1 of Part 1 of  
16 Division 3 of Title 2 of the Government Code), shall provide  
17 written reasons for the removal or addition of an item on the list.  
18 The state board shall not approve a supplemental instructional  
19 material it adds to the list at the same time it provides its written  
20 reason for adding the material; instead, the state board shall  
21 approve the added material at a subsequent public meeting.

22 (e) (1) The governing boards of school districts and county  
23 offices of education may approve supplemental instructional  
24 materials other than those approved by the state board pursuant to  
25 subdivision (d) if the governing board of the school district or  
26 county office of education determines that other supplemental  
27 instructional materials are aligned with the California common  
28 core academic content standards and meet the needs of the pupils  
29 of the district or county office of education. The governing board  
30 of a school district and a county office of education may only  
31 approve supplemental instructional materials that comply with the  
32 evaluation criteria approved pursuant to subdivision (a) and the  
33 requirements of Section 60226, subdivision (h), and Article 4  
34 (commencing with Section 60060).

35 (2) (A) A supplemental instructional material approved by a  
36 governing board of a school district or a county office of education  
37 pursuant to this subdivision that is in the subject area of  
38 mathematics or English language arts shall be reviewed by content  
39 review experts chosen by the governing board of the school district  
40 or county office of education.



1 (B) The majority of the content review experts chosen pursuant  
2 to subparagraph (A) shall be teachers who are credentialed in the  
3 subject area they are reviewing. The content review experts shall  
4 include appropriate persons from postsecondary institutions and  
5 school and school district or county office of education curriculum  
6 administrators, and other persons who are knowledgeable in the  
7 appropriate subject area.

8 (C) The content review experts shall serve without  
9 compensation.

10 (f) Publishers choosing to submit supplemental instructional  
11 materials for approval by the state board shall submit standards  
12 maps.

13 (g) (1) Before approving supplemental instructional materials  
14 pursuant to this section, the state board shall review those  
15 instructional materials for academic content, social content, and  
16 instructional support to teachers and pupils. Supplemental  
17 instructional materials approved by the state board pursuant to this  
18 section shall meet required program criteria for grade-level  
19 programs, intervention programs, and English learners and shall  
20 include materials for use by teachers.

21 (2) Before approving supplemental instructional materials  
22 pursuant to this section, the governing board of a school district  
23 or a county office of education shall review those instructional  
24 materials for academic content and instructional support to teachers  
25 and pupils. Supplemental instructional materials approved by the  
26 governing board of a school district or a county office of education  
27 pursuant to this section shall meet required program criteria for  
28 grade-level programs, intervention programs, and English learners,  
29 and shall include materials for use by teachers.

30 (h) Supplemental instructional materials approved pursuant to  
31 this section shall comply with the social content review  
32 requirements that would be imposed by Assembly Bill 339 of the  
33 2011–12 Regular Session if that bill becomes operative; otherwise,  
34 the governing board of a school district or a county office of  
35 education shall review supplemental instructional materials for  
36 social content in compliance with Article 3 (commencing with  
37 Section 60040).

38 (i) The department shall maintain on its Internet Web site the  
39 list of supplemental instructional materials approved by the state  
40 board pursuant to subdivision (d).

(j) The department shall use federal carryover funds received pursuant to Title I of the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.) to implement this section.

(k) This section shall become inoperative on July 1, 2014, and, as of July 1, 2015, is repealed, unless a later enacted statute, that becomes operative on or before July 1, 2015, deletes or extends the dates on which it becomes inoperative and is repealed.

*SEC. 14. Section 8880.5 of the Government Code is amended to read:*

8880.5. Allocations for education:

The California State Lottery Education Fund is created within the State Treasury, and is continuously appropriated for carrying out the purposes of this chapter. The Controller shall draw warrants on this fund and distribute them quarterly in the following manner, provided that the payments specified in subdivisions (a) to (g), inclusive, shall be equal per capita amounts.

(a) (1) Payments shall be made directly to public school districts, including county superintendents of schools, serving kindergarten and grades 1 to 12, inclusive, or any part thereof, on the basis of an equal amount for each unit of average daily attendance, as defined by law and adjusted pursuant to subdivision (l).

(2) For purposes of this paragraph, in each of the 2008–09, 2009–10, 2010–11, 2011–12, ~~and 2012–13~~, *2013–14, and 2014–15* fiscal years, the number of units of average daily attendance in each of those fiscal years for programs for public school districts, including county superintendents of schools, serving kindergarten and grades 1 to 12, inclusive, shall include the same amount of average daily attendance for classes for adults and regional occupational centers and programs used in the calculation made pursuant to this subdivision for the 2007–08 fiscal year.

(b) Payments shall also be made directly to public school districts serving community colleges, on the basis of an equal amount for each unit of average daily attendance, as defined by law.

(c) Payments shall also be made directly to the Board of Trustees of the California State University on the basis of an amount for each unit of equivalent full-time enrollment. Funds received by the trustees shall be deposited in and expended from the California State University Lottery Education Fund, which is hereby created

1 or, at the discretion of the trustees, deposited in local trust accounts  
2 in accordance with subdivision (j) of Section 89721 of the  
3 Education Code.

4 (d) Payments shall also be made directly to the Regents of the  
5 University of California on the basis of an amount for each unit  
6 of equivalent full-time enrollment.

7 (e) Payments shall also be made directly to the Board of  
8 Directors of the Hastings College of the Law on the basis of an  
9 amount for each unit of equivalent full-time enrollment.

10 (f) Payments shall also be made directly to the Department of  
11 the Youth Authority for educational programs serving kindergarten  
12 and grades 1 to 12, inclusive, or any part thereof, on the basis of  
13 an equal amount for each unit of average daily attendance, as  
14 defined by law.

15 (g) Payments shall also be made directly to the two California  
16 Schools for the Deaf, the California School for the Blind, and the  
17 three Diagnostic Schools for Neurologically Handicapped Children,  
18 on the basis of an amount for each unit of equivalent full-time  
19 enrollment.

20 (h) Payments shall also be made directly to the State Department  
21 of Developmental Services and the State Department of Mental  
22 Health for clients with developmental or mental disabilities who  
23 are enrolled in state hospital education programs, including  
24 developmental centers, on the basis of an equal amount for each  
25 unit of average daily attendance, as defined by law.

26 (i) No Budget Act or other statutory provision shall direct that  
27 payments for public education made pursuant to this chapter be  
28 used for purposes and programs (including workload adjustments  
29 and maintenance of the level of service) authorized by Chapters  
30 498, 565, and 1302 of the Statutes of 1983, Chapter 97 or 258 of  
31 the Statutes of 1984, or Chapter 1 of the Statutes of the 1983–84  
32 Second Extraordinary Session.

33 (j) School districts and other agencies receiving funds distributed  
34 pursuant to this chapter may at their option utilize funds allocated  
35 by this chapter to provide additional funds for those purposes and  
36 programs prescribed by subdivision (i) for the purpose of  
37 enrichment or expansion.

38 (k) As a condition of receiving any moneys pursuant to  
39 subdivision (a) or (b), each district and county superintendent of  
40 schools shall establish a separate account for the receipt and

1 expenditure of those moneys, which account shall be clearly  
2 identified as a lottery education account.

3 (l) Commencing with the 1998–99 fiscal year, and each year  
4 thereafter, for the purposes of subdivision (a), average daily  
5 attendance shall be increased by the statewide average rate of  
6 excused absences for the 1996–97 fiscal year as determined  
7 pursuant to the provisions of Chapter 855 of the Statutes of 1997.  
8 The statewide average excused absence rate, and the corresponding  
9 adjustment factor required for the operation of this subdivision,  
10 shall be certified to the State Controller by the Superintendent of  
11 Public Instruction.

12 (m) It is the intent of this chapter that all funds allocated from  
13 the California State Lottery Education Fund shall be used  
14 exclusively for the education of pupils and students and no funds  
15 shall be spent for acquisition of real property, construction of  
16 facilities, financing of research, or any other noninstructional  
17 purpose.

18 ~~SEC. 12.~~

19 *SEC. 15.* Section 75.70 of the Revenue and Taxation Code is  
20 amended to read:

21 75.70. (a) Notwithstanding any other law, for the 1983–84  
22 fiscal year, each county auditor shall allocate to all elementary,  
23 high school, and unified school districts within the county in  
24 proportion to each district's average daily attendance, as certified  
25 by the Superintendent of Public Instruction for purposes of the  
26 advance apportionment of state aid in the then current fiscal year,  
27 without respect to the allocation of property tax revenues pursuant  
28 to Chapter 6 (commencing with Section 95) of Part 0.5, and without  
29 respect to allocation and payment of funds as provided for in  
30 subdivision (b) of Section 33670 of the Health and Safety Code,  
31 an amount equal to the additional revenues generated by the rate  
32 levied pursuant to subdivision (a) of Section 1 of Article XIII A  
33 of the California Constitution applied to the increased assessments  
34 for the current roll under this chapter. Additional revenues  
35 generated by a rate or rates levied in excess of the limitation  
36 prescribed by subdivision (a) of Section 1 of Article XIII A of the  
37 California Constitution shall be allocated to the fund for which the  
38 tax rate or rates were levied.

39 (b) For the 1984–85 fiscal year, the county auditor shall, without  
40 respect to the allocation of property tax revenues pursuant to

Chapter 6 (commencing with Section 95) of Part 0.5, do all of the following:

(1) Make the allocation and payment of funds as provided in Section 33670 of the Health and Safety Code.

(2) Allocate to the county the amount determined pursuant to Section 75.60.

(3) Allocate to the county an amount equal to the total amount of additional revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter, less the amount determined pursuant to paragraphs (1) and (2), the remainder multiplied by the county's property tax apportionment factor determined pursuant to Section 97.5.

(4) Allocate to each community college district and county superintendent of schools within the county an amount equal to the total amount of additional revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter, less the amount determined pursuant to paragraphs (1) and (2), the remainder multiplied by each county superintendent of schools' and community college district's property tax apportionment factor determined pursuant to Section 97.5.

(5) Allocate to each city within the county an amount equal to the total amount of additional revenue generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter, less the amount determined pursuant to paragraphs (1) and (2), the remainder multiplied by each city's property tax apportionment factor determined pursuant to Section 97.5.

(6) Allocate to each special district within the county an amount equal to the total amount of additional revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter, less the amount determined pursuant to paragraphs (1) and (2), the remainder multiplied by each special district's property tax apportionment factor determined pursuant to Section 97.5. The amount allocated to each special district which is governed by the board of supervisors of a county or whose governing board is the same as the board of supervisors of a county, shall be subject to Section 98.6.

(7) Allocate the remaining revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter to all elementary, high school, and unified school districts within the county in proportion to each district's average daily attendance, as certified by the Superintendent of Public Instruction for purposes of the advance apportionment of state aid in the then current fiscal year.

(8) Allocate additional revenues generated by a rate levied in excess of the limitation prescribed by subdivision (a) of Section 1 of Article XIII A of the California Constitution to the fund or funds for which the tax rate or rates were levied.

These allocations shall be made on a timely basis but no later than 30 calendar days after the close of the preceding monthly or four-weekly accounting period.

(c) For the 1985–86 fiscal year, and each fiscal year thereafter, the county auditor shall, without respect to the allocation of property tax revenues pursuant to Chapter 6 (commencing with Section 95) of Part 0.5, do all of the following:

(1) Make the allocation and payment of funds as provided in Section 33670 of the Health and Safety Code.

(2) Allocate and pay to the county an amount equal to the total amount of additional revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter, less the amount determined pursuant to paragraph (1), the remainder multiplied by the county's property tax apportionment factor determined pursuant to Section 97.5.

(3) Allocate and pay to each county superintendent of schools and community college district within the county an amount equal to the total amount of additional revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter, less the amount determined pursuant to paragraph (1), the remainder multiplied by each county superintendent of schools' and community college district's property tax apportionment factor determined pursuant to Section 97.5.

(4) Allocate and pay to each city within the county an amount equal to the total amount of additional revenues generated by the

1 rate levied pursuant to subdivision (a) of Section 1 of Article XIII A  
2 of the California Constitution applied to the increased assessments  
3 under this chapter, less the amount determined pursuant to  
4 paragraph (1), the remainder multiplied by each city's property  
5 tax apportionment factor determined pursuant to Section 97.5.

6 (5) Allocate and pay to each special district within the county  
7 an amount equal to the total amount of additional revenues  
8 generated by the rate levied pursuant to subdivision (a) of Section  
9 1 of Article XIII A of the California Constitution applied to the  
10 increased assessments under this chapter, less the amount  
11 determined pursuant to paragraph (1), the remainder multiplied  
12 by each special district's property tax apportionment factor  
13 determined pursuant to Section 97.5. The amount allocated to each  
14 special district which is governed by the board of supervisors of  
15 a county or whose governing body is the same as the board of  
16 supervisors of a county, shall be subject to Section 98.6.

17 (6) Allocate and pay the remaining revenues generated by the  
18 rate levied pursuant to subdivision (a) of Section 1 of Article XIII A  
19 of the California Constitution applied to the increased assessments  
20 under this chapter to all elementary, high school, and unified school  
21 districts within the county in proportion to each district's average  
22 daily attendance, as certified by the Superintendent of Public  
23 Instruction for the purposes of the advance apportionment of state  
24 aid in the then current fiscal year.

25 (7) Allocate and pay additional revenues generated by a rate  
26 levied in excess of the limitation prescribed by subdivision (a) of  
27 Section 1 of Article XIII A of the California Constitution to the  
28 fund or funds for which the tax rate or rates were levied.

29 These allocations and payments shall be made on a timely basis  
30 but no later than 30 calendar days after the close of the preceding  
31 monthly or four-weekly accounting period. For a county with a  
32 population of 500,000 or less, the allocations may be made on a  
33 biannual basis.

34 (d) For purposes of the certification made by the Superintendent  
35 of Public Instruction pursuant to subdivision (a), the average daily  
36 attendance of the following districts shall be deemed to be zero:

37 (1) In the case of multicounty districts, the portions of the  
38 districts located other than in the county of control.

39 (2) A school district that is an excess tax school entity, as  
40 defined in subdivision (n) of Section 95, in the prior fiscal year.

1 (e) The Superintendent of Public Instruction shall certify the  
2 appropriate counts of average daily attendance pursuant to  
3 subdivision (a) to each county auditor no later than July 15 of each  
4 applicable fiscal year.

5 (f) On or before November 15 and April 15, the auditor of each  
6 county shall furnish to the Superintendent of Public Instruction  
7 the estimated amount of tax receipts pursuant to this section of  
8 each school district situated within his or her county.

9 (g) In the event property tax revenues under this chapter are  
10 generated by a change in ownership or completed new construction  
11 which occurred on or before May 31, 1984, but are collected  
12 subsequent to the 1983–84 fiscal year, the revenues for the current  
13 roll shall be allocated to school districts as if they had been  
14 collected and allocated during this 1983–84 fiscal year. Any of  
15 the aforementioned revenues which are collected in the 1984–85  
16 fiscal year shall be applied to school apportionments for the  
17 1984–85 fiscal year.

18 *SEC. 16. The Legislature finds and declares that Section 15*  
19 *of this act furthers the purposes of the California State Lottery Act*  
20 *of 1984.*